



Study Pages January 2025

Property Taxes

Many homeowners throughout the U.S. saw a significant increase in property taxes in 2024. In Hamilton County, the increases have raised questions about the fairness of the property tax system. These Study Pages (1) give some background on the property tax system, (2) report on the uneven distribution of the tax increases, (3) note the effect of property tax abatements given by Cincinnati, and (4) look at efforts to mitigate the current increases and proposals to change the system.

While this report focuses on Hamilton County, most Ohio counties face similar challenges. Much of the information in these Study Pages is from reports published by Housing Opportunities Made Equal, "[Levied: Reports on Property Tax Inequity](#)."

In reading this information consider the League of Women Voters positions on taxation:

LWVUS Principles - Government should maintain an equitable and flexible system of taxation

LWV Ohio Position - Support taxation that is fair and equitable, provides adequate resources for government programs while allowing flexibility for financing future program changes, is understandable to the taxpayer and encourages compliance, and is easy to administer.

Real Property Taxes

The real property tax is Ohio's oldest tax. It has been an ad valorem tax – meaning, based on value- since 1825. Real property tax rates are levied locally and vary by taxing jurisdiction. The total tax rate for any particular parcel includes all levies either enacted by a legislative authority or approved by the voters. Examples of jurisdictions that levy property taxes are counties, school districts, municipalities, townships, and special service districts.

The Ohio Constitution prohibits governmental units from levying property taxes that, in the aggregate, exceed 1 percent of true value, unless they are approved by voters. This is known in state law as the 10-mill limitation on non-voted or "inside" millage. Additional "outside" millage is added through voted levies.

The state of Ohio requires county auditors to use uniform procedures to revalue parcels on a six-year cycle using the mass appraisal process. However, property value increases do not mean the

amount of government revenue increases. Ohio Revised Code Chapter 319 prohibits local governments from collecting more taxes just because property values increased. Instead, tax jurisdictions must pass new levies or renew a levy during a reassessment year. In November 2023, voters in Hamilton County passed new or renewed tax levies for libraries, the zoo, and municipal emergency services. These levies increased the total tax collected in the county by 11 percent. In 2024, Hamilton County property values went up 30% but total taxes collected only increased 11%.¹

Huge Increases for Some Homeowners

While 2024 property tax bills rose at an unprecedented rate for some of Hamilton County's residents, not all residents experienced increases. In fact, one in four residents saw their property tax bills decrease.



Research published² by Housing Opportunities Made Equal (HOME) investigated which communities were most affected by the tax changes, the reasons for the changes, and what local and state elected officials can do to create a more equitable tax system.

The research found that tax increases were disproportionately concentrated in communities of color and lower-income neighborhoods. On average, property tax bills increased by \$990 (or 83 percent) in communities of color compared to \$430 (8 percent) in White neighborhoods. Moreover, those who saw decreases in their tax bills were most likely to live in the county's most expensive houses in the most affluent neighborhoods. The study also showed that these differences were not a result of differences in the housing market. Neighborhoods with the highest increases in property taxes were not necessarily the ones with highest increases in sale prices.

How was this difference possible? Every six years, auditors are required to reassess property values. They then recalculate how much each property will pay in taxes based on whether a property's value increased more or less than other properties in the county. In some cases, a property's value increases but its taxes decrease because its value increase was less dramatic than other properties. The 2023 reassessment resulted in the largest reshuffling in property taxes in over two decades. Half of the property tax bills decreased or remained relatively stable. 5% of residents' property bills more than doubled.

The study also found that the mass appraisal system mandated by the state contributed to the disparity. It tends toward the mean, overestimating the worth of lower value homes and underestimating high value homes.

¹https://static1.squarespace.com/static/62e84d924d2d8e5dff96ae2f/t/66698f39c9782d5ff882ac43/1718194048455/What+Really+Happened+Hamilton+County+Tax+Misperception_06_05_24-compressed.pdf

² <https://www.homecincy.org/property-taxes>

Effect of Tax Abatements

Not all property is taxed. According to the Hamilton County auditor, nearly one in four properties in the county is exempt from some portion of the tax and the number is fast increasing.³ Generally, public property is exempt from taxation, as are churches, cemeteries and “property used exclusively for charitable purposes” like nonprofit hospitals.

In 2017 the Hamilton County Auditor reported about \$6.4 billion dollars of real estate was exempt from property tax in the county. About \$2.8 billion were tax abatements given to private property, the rest were exemptions for government owned property, churches, and hospitals. The categories are not distinct, however. One form of tax shelter is for government entities to buy and hold property needed by a private business, then lease it to the business. Because the property is government owned, it is exempt from property tax. This method is why the Port Authority, a government entity, became the owner of the FC Cincinnati soccer stadium.

Tax abatements for the \$2.8 billion of private property are given as an incentive to economic development. The City of Cincinnati is generous in approving tax abatements for most new developments. One reason the City can be generous with abatements is property taxes make up only about 8% of total City of Cincinnati revenue. The primary revenue source for the City is the earnings tax.⁴



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One controversial Cincinnati abatement program offers tax abatements to all newly constructed single-family homes and condominiums. This results in homeowners with new million-dollar homes paying less in property taxes than their neighbors with older homes worth much less. When so many properties are not paying their fair share of taxes, the burden of supporting local government, the schools, and county levies falls to the rest of the property owners.

Despite the inequity, the Cincinnati Futures Commission recommended that the residential tax abatement program be expanded, not decreased. They argued that the subsidy is worth it because the City benefits when expensive homes are built in upscale neighborhoods.⁵

³ www.bizjournals.com/cincinnati/news/2017/03/17/auditor-sounds-alarm-over-more-propertiesgetting.html

⁴ <https://www.cincinnati-oh.gov/sites/budget/assets/Approved-FY25-Budget-in-Brief-10-2-2024.pdf>

⁵ https://cincinnati-futurescommission.com/wp-content/uploads/2024/04/cincinnati-futurescommissionreport_webversion.pdf

Mitigation and Proposals to Change the Tax System

While the anger of property owners facing large tax increases in 2024 was directed at the Hamilton County Auditor and Treasurer, they simply administer a system established by state law. In a joint statement they made clear that they had no choice but to follow state law.

*The Ohio Legislature is the policy making body with the authority to make changes to property taxes. Whether you want to advocate for changes in property value methodology, for a solution to unconstitutional school funding formulas, or for other changes in state law, like expanded access to the homestead exemption, it is the only route for change. Change must come from the state.*⁶

However, they didn't hold much hope for change, "The state has backed away from support over the past few decades; cutting the Local Government Fund virtually in half, removing promised property tax reductions, limiting the Homestead Exemption and ignoring a long-standing State Supreme Court order to adequately fund education."⁷

The HOME study⁸ acknowledges that state law constrains local leaders' ability to immediately alter property tax assessments or redistribute tax bills. Yet, it also highlights what local elected officials and community leaders can do to reduce tax inequity. Potential action steps include:

- Increasing enrollment in the Homestead exemption and Owner Occupancy programs through targeted outreach. Not all qualified homeowners know to apply for these programs.
- Expanding which properties are protected from tax lien sales. The Treasurer currently does not send owner-occupied properties whose market value is \$75,000 or less to lien sales. To continue this protection after the assessment increases, this threshold should be increased to \$150,000.
- Replacing property tax levies with more equitable revenue sources, such as earnings or income taxes.
- Working with state representatives to allow the county to use new assessment approaches.

"Nearly every local and state legislative body and agency plays some role in property tax bills," said Dr. Junia Howell, lead author of the study. "This makes for a very complicated and confusing process. Yet, it also means, everyone has a part to play in ensuring a solution."

Cincinnati City Council addressed the immediate concerns of homeowners struggling to pay increased property taxes by allocating \$1 million to the HomeSafe Property Tax Relief Program ("HomeSafe"). HomeSafe provides tax relief of up to \$10,000 to eligible low-to-moderate-income homeowners currently delinquent on their property taxes.⁹

⁶ www.hamiltoncountyauditor.org/pdf/news/2024/TheEnquirer-ChangesToPropTax2.pdf

⁷ https://www.hamiltoncountyauditor.org/pdf/news/2024/Op_Ed_Jessica_052024.pdf

⁸ <https://www.homecincy.org/property-taxes>

⁹ www.cincinnati-oh.gov/noncms/cmgr/memo/index.cfm?action=public.viewpdf&name=44821.pdf

Discussion Questions

1. Did property taxes increase for you, or people you know, last year? If you rent, did your rent increase because of increased taxes on the rental property?
2. The HOME study showed huge differences in tax increases based on race and income. How did this disparity happen?
3. How are different neighborhoods affected when homeowners are not able to afford the increased property tax on their home?
4. What impact does the Cincinnati tax abatement program have on taxpayers countywide?
5. What reforms are needed to make the property tax system fairer and more equitable?